HILLSDALE HIGHWAY DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

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March 11, 2025

Independent Auditors' Report

Board of Highway Commissioners
Hillsdale Highway District
Hazelton, Idaho 83335

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Hillsdale Highway District (the District) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison information; the Employer Pension schedules; and the Notes to Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in these financial statements as listed in the table of contents. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rexroat, Harberd & Assoc., P.A.

HILLSDALE HIGHWAY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

The management's discussion and analysis of Hillsdale Highway District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's financial statements which begin on page 8.

FINANCIAL HIGHLIGHTS

The District's net position ended in the black at $4,273,272. During the year, the District's total revenue was $6,335,729 and the District's total expenses were $6,186,590, resulting in an increase to net position of $149,139.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund Financial Statements start on page 10. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District as a whole begins on page 8. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position (the difference between assets and liabilities) as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, highway users apportionment receivable and the condition of the District's roads to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we include:

Governmental activities- Most of the District's basic services are reported here, including road and bridge maintenance and general administration.

HILLSDALE HIGHWAY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Our analysis of the District's major funds begins on page 10. The Fund Financial Statements begin on page 10 and provide detailed information about the most significant funds (not the District as a whole). The funds are required to be established by State Law.

GOVERNMENTAL FUNDS

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the Fund Financial Statements.

THE DISTRICT AS A WHOLE

The District's combined net position increased from $4,124,133 to $4,273,272. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

TABLE I

NET POSITION

	Governmental Activities	
	2024	**2023**
Current assets	$1,950,832	$2,007,704
Capital and other assets	2,773,802	2,459,495
Total assets	4,724,634	4,467,199
Deferred outflows of resources	63,091	121,691
Long-term debt outstanding	259,563	295,520
Other liabilities	236,689	162,757
Total liabilities	496,252	458,277
Deferred inflows of resources	18,201	6,480
Net position:		
Invested in Capital Assets, net of debt	2,773,802	2,459,495
Restricted	-	-
Unrestricted	1,499,470	1,664,638
Total net position	$4,273,272	$4,124,133

The net position of the District's governmental activities increased by $149,139. Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) changed from $1,664,638 on September 30, 2023, to $1,499,470 on September 30, 2024.

TABLE II

CHANGE IN NET POSITION

	2024	2023
Revenue:		
Program Revenue Charges for Services	$ -	$ -
Operating Grants and Contributions	3,892,579	100,000
Capital Grants and Contributions	-	-
General Revenues:		
Taxes	2,380,531	1,938,231
Unrestricted Investment Earnings	52,390	22,016
Other revenues	10,229	1,126
Total revenues	6,335,729	2,061,373
Program expenses:		
Road and Bridge Maintenance	6,186,590	1,579,883
Total Expenses	6,186,590	1,579,883
Increase (decrease) in Net Position	$ 149,139	$ 481,490

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a total fund balance of $1,707,834.

The District is maintaining a cash carryover from previous years in order to be able to fund larger future road projects around the District that cannot be funded with a single year budget amount. Unexpected expenditures such as equipment repairs and bridge maintenance, as well as fuel price fluctuations, road oil increases, or funding holdbacks, are a few examples of the things the District must be able to address as the situation arises.

The District was able to increase the Road Maintenance projects with the HB312 monies. For the next year, due to the lack of maintenance in previous years due to funding, the District is going to be using some of the carryover monies to increase sealcoat operations. The District hopes to resurface some existing roadways to increase the road surface smoothness.

Fuel costs and repair costs continue to be difficult to budget accurately.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year, the District had $4,864,861 invested in capital assets, $40,000 invested in land and $4,824,861 in other capital assets (see page 17).

DEBT

The District had no liability for unused employee compensation for future absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Highway District Commissioners base each year's budget on projected property taxes, highway user's apportionments, sales taxes, excess cash carryover from the previous year, and from other revenue programs which may be available to the District.

HILLSDALE HIGHWAY DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Total Governmental
ASSETS:	
Cash and investments	$ 1,707,643
Delinquent taxes receivable	7,429
Penalties and interest receivable	135
Highway users apportionment receivable	220,385
Agriculture equipment tax receivable	6,959
Receivable from commissioners	8,281
Capital assets	2,773,802
Total assets	4,724,634
DEFERRED OUTFLOWS OF RESOURCES:	
Defined benefit pension	63,091
	63,091
LIABILITIES:	
Share of Highway District taxes due to Cities	340
Accounts payable	227,253
Payroll taxes and related liabilities	9,096
Net pension liability	259,563
Total liabilities	496,252
DEFERRED INFLOWS OF RESOURCES:	
Defined benefit pension	18,201
	18,201
NET POSITION:	
Net investment in capital assets, net of related debt	2,773,802
Restricted	-
Unrestricted	1,499,470
Total net position	$ 4,273,272

The accompanying notes are an integral part of the financial statements

HILLSDALE HIGHWAY DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Road and bridge maintenance	$ 6,186,590	$ -	$ 3,892,579	$ -	$ (2,294,011)
Total governmental activities	$ 6,186,590	$ -	$ 3,892,579	$ -	(2,294,011)
General Revenues:					
Property taxes					563,669
State taxes					1,816,862
Unrestricted investment earnings					52,390
Other income					10,229
Total general revenues and special items					2,443,150
Change in net position					149,139
Net position-beginning of year					4,124,133
Net position-end of year					$ 4,273,272

The accompanying notes are an integral part of the financial statements

HILLSDALE HIGHWAY DISTRICT
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Road and Bridge Fund	Total Governmental
ASSETS:		
Cash in bank	$ 334,221	$ 334,221
Cash investment - Idaho Investment Pool	1,373,422	1,373,422
Delinquent taxes receivable	7,429	7,429
Penalties and interest receivable	135	135
Highway users apportionment receivable	220,385	220,385
Agriculture equipment tax receivable	6,959	6,959
Receivable from commissioners	8,281	8,281
TOTAL ASSETS	$ 1,950,832	$ 1,950,832
LIABILITIES:		
Accounts payable - trade	$ 227,253	$ 227,253
Accounts payable - cities	340	340
Payroll taxes and related liabilities	9,096	9,096
TOTAL LIABILITIES	236,689	236,689
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes	6,309	6,309
TOTAL DEFERRED INFLOWS OF RESOURCES	6,309	6,309
FUND BALANCES:		
Nonspendable	-	-
Assigned for:		
Road and bridge maintenance	1,707,834	1,707,834
Unassigned	-	-
TOTAL FUND BALANCES	1,707,834	1,707,834
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,950,832	$ 1,950,832

Reconciliation to the Statement of Net Position:	
Total Fund Balances - Governmental Funds	$ 1,707,834
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Land	40,000
Other capital assets	4,824,861
Accumulated depreciation	(2,091,059)
Property tax revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds	6,309
Pension related deferred outflows of resources not reported in the funds	63,091
Pension related deferred inflows of resources not reported in the funds	(18,201)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(259,563)
Total Net Position - Governmental Activities	$ 4,273,272

The accompanying notes are an integral part of the financial statements

HILLSDALE HIGHWAY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	Road and Bridge Fund	Total Governmental
REVENUES:		
Property taxes	$ 562,548	$ 562,548
Interest and penalties	1,822	1,822
Highway users apportionment	1,589,471	1,589,471
Sales tax apportionment	192,780	192,780
Agriculture equipment tax	27,837	27,837
Personal property tax replacement	6,774	6,774
Interest on savings	52,390	52,390
Grant revenue	3,892,579	3,892,579
Other	10,229	10,229
Total revenues	6,336,430	6,336,430
EXPENDITURES:		
Current:		
Remittance to Cities	27,094	27,094
Miscellaneous	15,375	15,375
Drug testing	120	120
Office supplies	3,085	3,085
Telephone	3,367	3,367
Publishing and printing	187	187
Auditing	5,620	5,620
Commissioners allowance	12,473	12,473
Travel	3,299	3,299
Utilities	7,008	7,008
Insurance	26,890	26,890
Payroll taxes	28,239	28,239
Legal	300	300
Group health insurance	63,741	63,741
Employee retirement	38,890	38,890
Gravel	222,702	222,702
Gas, oil and diesel	68,146	68,146
Labor	328,954	328,954
Repairs	29,250	29,250
Salary of clerk	13,525	13,525
Engineering	47,703	47,703
Weed control	9,549	9,549
Snow removal	12,592	12,592
Road maintenance	4,644,253	4,644,253
Bridges and culverts	17,351	17,351
Safety	14,236	14,236
Chloride	8,880	8,880
Equipment lease	-	-
Building Improvements	37,227	37,227
Equipment purchases	506,630	506,630
Total expenditures	6,196,686	6,196,686

Continued on next page

The accompanying notes are an integral part of the financial statements

HILLSDALE HIGHWAY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024

Continued from previous page

NET CHANGE IN FUND BALANCE	139,744	139,744
FUND BALANCE OCTOBER 1, 2023	1,568,090	1,568,090
FUND BALANCE SEPTEMBER 30, 2024	$ 1,707,834	$ 1,707,834

Reconciliation to the Statement of Activities:

Total net changes in fund balances - governmental funds	$ 139,744
Governmental funds report the acquisition or construction of capital assets as expenditures while governmental activities report depreciation expense to allocate the cost of these assets over their estimated useful life. In the current period, these amounts are:	
Capital outlay	506,630
Depreciation expense	(192,323)
Road maintenance fees paid to the Idaho Transportation Department for projects not completed at the end of the prior year were treated as expenditures in the governmental funds, but were treated as a deposit in the Statement of Activities. These projects were completed in the current year and treated as expenditures in the Statement of Activities	(269,847)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds but are considered revenues in the Statement of Activities	(701)
Changes in pension related deferred outflows of resources, deferred inflows of resources, and net pension liability do not require the use of current financial resources and are not reported in the governmental funds	(34,364)
	$ 149,139

The accompanying notes are an integral part of the financial statements

Note 1 - Summary of Significant Accounting Policies

A) Basis of Presentation

The financial statements of Hillsdale Highway District (District) are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. GASB is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements.

B) Financial Reporting Entity

Hillsdale Highway District is located in Jerome County in the southern portion of Idaho. The District maintains and constructs roads within its boundaries. Operations of the District are the responsibility of a three-member board.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no entities which would be component units of the District.

C) Financial Statement Presentation, Measurement Focus, and Basis of Accounting

The District's financial statements include the activities of the District. The District's *government-wide financial statements* provide both short-term and long-term information about the District's overall financial status. *Fund financial statements* focus on the individual activities of District government, reporting the District's operations in more detail than the government-wide financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted; or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The *statement of activities* presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Amounts reported as program revenues on the government-wide financial statements include (a) charges for services - amounts received from customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by the District, (b) program-specific operating grants and contributions, and (c) program-specific capital grants and contributions. General revenues consist of taxes and all other revenues that do not meet the definition of program revenues. Special items are significant transactions or events within the control of management that are either unusual in nature or infrequent in occurrence.

Fund financial statements. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has one governmental fund and therefore only one major fund. The Road and Bridge Fund is the District's primary operating fund and accounts for all financial transactions of the District.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use a current financial resources measurement focus and the modified accrual basis of accounting, focusing on the near-term inflows and outflows of spendable resources, and balances of spendable resources available at fiscal year end. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

D) Assets, Liabilities, and Net Position/Equity

1. Inventories
   The District does not capitalize and reflect as inventory, expendable supplies on hand at fiscal year end. Materials and supplies are recorded as expenses of the period.

2. Prepaid Items
   Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets
   Capital assets, which include property, plant, equipment, land and infrastructure are reported in the government-wide financial statements. Assets are capitalized when they have a useful life in excess of one year and have a cost of $5,000 or more. Purchased or constructed capital assets are valued at cost or estimated historical cost if actual historical cost is unavailable. Donated capital assets are recorded at their fair value at the time received.

   Exhaustible capital assets are depreciated on the straight-line method over the asset's useful life. Depreciation expense is recorded in the government-wide financial statements. There is no depreciation recorded for land, construction in process, or other capital assets defined as inexhaustible.

4. Encumbrances
   Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the Road and Bridge Fund. This is in conformance with Idaho State Statutes which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

5. Long-term Debt Obligations

In the government-wide financial statements long-term debt is reported as a liability. Issuance costs are deferred and amortized using the effective interest rate method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and other financing uses, respectively.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, pension related items, as listed in Note 4, are the only items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and the balance sheet may include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The statement of net position reports pension related items, as listed in Note 4, as deferred inflows of resources. The balance sheet reports property tax revenues which are unavailable (will not be collected soon enough after year-end to pay for the current year's expenditures) as deferred inflows of resources.

7. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 4 for a more detailed description of the District's participation in the Public Employee Retirement System of Idaho.

8. Compensated Absences

The District accrues accumulated unpaid vacation, comp time and sick leave time along with associated employer-related costs when earned by the employee. Upon termination, employees are paid full value for any accrued vacation and comp time earned. Nothing is paid for accumulated sick leave unless authorized by the District. Amounts that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability. Amounts that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

9. Property Taxes

Property taxes for each year are levied in September of that year with the first half of real property taxes and all personal property and mobile home taxes due on December 20th. Such taxes not paid on or before December 20th are considered to be delinquent. The second half of the real property taxes are due June 20th of the following year and are considered to be delinquent on June 21st. An initial late penalty of 2% of tax plus 1% per month interest charge is assessed on all delinquent taxes. A tax lien is filed for property whose taxes become three years delinquent. Taxes collected by the County are remitted to the District on a monthly basis.

Property taxes receivable for the current year, that are expected to be collected after the available period (usually 60 days), are recorded as unavailable revenue.

10. Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance classifications.

Nonspendable - amounts that cannot be spent because they are either (a) not in a spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. Federal grant programs require that funds received be used only for those specific programs and are therefore classified as restricted.

Committed - amounts that can be spent only for specific purposes determined by a formal action of the District Board which is the highest level of decision-making authority for the District. These amounts cannot be used for any other purpose unless the District's Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - amounts that do not meet the criteria to be classified as restricted nor committed but that are intended to be used for specific purposes. This intent can be expressed by the District's Board or Administrator.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board has provided otherwise in its commitment or assignment actions.

E) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F) Upcoming Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, will be effective for reporting periods beginning after December 15, 2023. This Statement updates the recognition and measurement guidance for compensated absences. It requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability, as long as it is identified as a net change. The District is evaluating the impact that this GASB statement will have on its financial reporting.

Note 2 - Deposits and Investments

Idaho State statute authorizes the District to invest in a number of types of investments, including obligations of the U.S. Treasury, the State of Idaho or county, city or other taxing districts of the State of Idaho, commercial paper, corporate bonds, and repurchase agreements. Current District deposits are in two local bank accounts.

Deposits - For deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. At September 30, 2024, the carrying amount of the District's deposits with financial institutions (after considering outstanding and other reconciling items) was $334,221. The bank balance was $748,256 of which $250,000 was covered by federal depository insurance.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The elected State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the District voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight is with the State Treasurer and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name and the fair value of the District's position in the external investment pool is the same as the value of the pool shares. The District's investment in the State of Idaho Local Government Investment Pool as of September 30, 2024, was $1,373,422.

Reconciliation of carrying amount on the Statement of Net Position:	
Sources of cash and investments:	
Deposits with financial institutions	$ 334,221
Local Government Investment Pool, at fair value	1,373,422
	$ 1,707,643
Reported on Statement of Net Position:	
Cash and investments	$ 1,707,643

The District receives peak net cash inflows during the second quarter of the fiscal year. Cash and investments meeting the criteria as uninsured may, at times during the fiscal year, significantly exceed the uninsured balance, if any, at the September 30th fiscal year-end.

The District does not have a custodial credit risk policy or a concentration of credit risk policy. Cash and investments are shown at fair value.

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance October 1, 2023	Additions	Retirements	Balance September 30, 2024
Capital Assets not being Depreciated:				
Land	$ 40,000	$ ...	$ ...	$ 40,000
Capital Assets being Depreciated:				
Buildings	319,645	...	...	319,645
Equipment and vehicles	3,579,126	506,630	...	4,085,756
Infrastructure	419,460	...	...	419,460
Total Capital Assets Being Depreciated	4,318,231	506,630	...	4,824,861
Less Accumulated Depreciation for:				
Buildings	109,342	6,742	...	116,084
Equipment and vehicles	1,402,087	166,475	...	1,568,562
Infrastructure	387,307	19,106	...	406,413
Total accumulated depreciation	1,898,736	192,323	...	2,091,059
Total Capital Assets being Depreciated, net	2,419,495	314,307	...	2,733,802
Total Capital Assets	$2,459,495	$ 314,307	$ ...	$2,773,802

Note 4 - Pension Plan

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits
The Base Plan provides retirement, disability, death and survivor benefits for eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions
Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees. As of June 30, 2024, it was 6.71% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees. The District's contributions were $38,018 for the year ended June 30, 2024.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At September 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on it's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was .00693898 percent.

For the year ended September 30, 2024, the District recognized pension expense of $74,650. At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in pension assumptions or other inputs	$ 10,283	$ ...
Differences between expected and actual experience	41,325	...
Net difference between projected and actual earnings on pension plan investments	...	4,711
Change in proportionate share percentage from prior year, net of accumulated amortization	1,992	13,490
Employer contributions subsequent to the measurement date	9,491	...
	$ 63,091	$ 18,201

The $9,491 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) is 4.4 years for the measurement period ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows (using the future measurement dates for PERSI):

Year Ended June 30:	
2025	$ 12,811
2026	48,396
2027	(8,346)
2028	(5,965)

Actuarial Assumptions
Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries
General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%
Teachers - Males Pub-2010 Teacher Tables, increased 12%
Teachers - Females Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males Pub-2010 Safety Tables, increased 21%
Fire & Police - Females Pub-2010 Safety Tables, increased 26%
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024, is based on the results of an actuarial valuation date of July 1, 2024.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The

formal asset allocation policy is somewhat more conservative than the current allocation of the System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

	2024	
Asset Class:	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%
Total	100.00%	100.00%

Discount Rate
The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.
The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$493,250	$259,563	$ 68,700

Pension plan fiduciary net position
Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan
At September 30, 2024, the District reported no payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 5 - Rents
Various pieces of equipment are leased on a one-time basis as needed.

Note 6 - Risk
The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to cover these risks.

HILLSDALE HIGHWAY DISTRICT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES:				
Property taxes	$ 585,952	$ 585,952	$ 562,548	$ (23,404)
Interest and penalties	2,311	2,311	1,822	(489)
Highway users apportionment	1,345,543	1,345,543	1,589,471	243,928
Sales tax apportionment	170,623	170,623	192,780	22,157
Agriculture replacement tax	27,837	27,837	27,837	-
Personal property tax replacement	4,121	4,121	6,774	2,653
Interest on savings	14,621	14,621	52,390	37,769
Grant revenue	2,626,480	2,626,480	3,892,579	1,266,099
Other	1,000	1,000	10,229	9,229
Total revenue	4,778,488	4,778,488	6,336,430	1,557,942
EXPENDITURES:				
Highway to City taxes	14,146	14,146	27,094	12,948
Miscellaneous	10,000	10,000	15,375	5,375
Drug testing	500	500	120	(380)
Office supplies	3,500	3,500	3,085	(415)
Telephone	3,500	3,500	3,367	(133)
Publishing and printing	300	300	187	(113)
Auditing	5,000	5,000	5,620	620
Commissioners allowance	10,800	10,800	12,473	1,673
Travel	5,000	5,000	3,299	(1,701)
Utilities	11,000	11,000	7,008	(3,992)
Insurance	30,000	30,000	26,890	(3,110)
Payroll taxes	28,215	28,215	28,239	24
Legal	300	300	300	-
Group health insurance	62,645	62,645	63,741	1,096
Employee retirement	40,850	40,850	38,890	(1,960)
Gravel	60,000	60,000	222,702	162,702
Gas, oil and diesel	80,000	80,000	68,146	(11,854)
Labor	346,000	346,000	328,954	(17,046)
Repairs	60,000	60,000	29,250	(30,750)
Salary of Clerk	12,020	12,020	13,525	1,505
Engineering	75,000	75,000	47,703	(27,297)
Weed control	20,000	20,000	9,549	(10,451)
Snow removal	20,000	20,000	12,592	(7,408)
Road maintenance	750,000	750,000	729,108	(20,892)
Bridges and culverts	150,000	150,000	17,351	(132,649)
Safety	10,000	10,000	14,236	4,236
Chloride	10,500	10,500	8,880	(1,620)
Equipment lease	5,000	5,000	-	(5,000)
Building improvements	70,000	70,000	37,227	(32,773)
Equipment purchases	225,000	225,000	506,630	281,630
Grant expenditures	2,830,000	2,830,000	3,915,145	1,085,145
Total expenditures	4,949,276	4,949,276	6,196,686	1,247,410
NET CHANGE IN FUND BALANCE	$ (170,788)	$ (170,788)	$ 139,744	$ 310,532

HILLSDALE HIGHWAY DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - BASE PLAN
SEPTEMBER 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.00693898%	0.00740528%	0.00766746%	0.00797536%	0.00717620%	0.00713330%	0.00793830%	0.00782470%	0.00798220%	0.00841330%
Employer's proportionate share of the net pension liability (asset)	$ 259,563	$ 295,520	$ 302,003	$ (6,299)	$ 166,641	$ 81,425	$ 117,091	$ 122,991	$ 161,811	$ 110,789
Employer's covered-employee payroll	$ 340,054	$ 314,866	$ 302,362	$ 297,630	$ 286,132	$ 252,504	$ 259,260	$ 245,564	$ 234,205	$ 288,222
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	76.33%	93.86%	99.88%	-2.12%	58.24%	32.25%	45.16%	50.09%	69.09%	38.44%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

Data reported is measured as of September 30, 2024

HILLSDALE HIGHWAY DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - BASE PLAN
SEPTEMBER 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 38,018	$ 37,595	$ 36,102	$ 35,537	$ 30,511	$ 27,426	$ 28,912	$ 27,511	$ 26,427	$ 25,792
Contribution in relation to the statutorily required contribution	(38,018)	(37,595)	(36,102)	(35,537)	(30,511)	(27,426)	(28,912)	(27,511)	(26,427)	(25,792)
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 340,054	$ 314,866	$ 302,362	$ 297,630	$ 286,132	$ 252,504	$ 259,260	$ 245,564	$ 234,205	$ 288,222
Contributions as a percentage of covered-employee payroll	11.18%	11.94%	11.94%	11.94%	10.66%	10.86%	11.15%	11.20%	11.28%	8.95%

Data reported is measured as of September 30, 2024

HILLSDALE HIGHWAY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

NOTE 1 - BUDGETARY INFORMATION

A) Budgetary-GAAP Reporting Reconciliation

The accompanying Budgetary Comparison Schedule compares the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis do not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP).

B) Budgetary Policies

Hillsdale Highway District prepares an annual budget of revenue and expenditures prior to the beginning of the fiscal year. The budget is prepared on the modified accrual basis of accounting. Budget figures are based on prior levels of revenue and expenditures taking into account specific items which may be planned in advance by the District such as capital outlay expenditures. Any excess of budgeted expenditures over budgeted revenue are temporary situations and are budgeted so as to utilize cash balances in the individual fund.

C) Excess of Expenditures Over Appropriations

For the year ended September 30, 2024, expenditures exceeded appropriations by $1,247,410.

NOTE 2 - PENSION INFORMATION

A) Changes of benefit terms

None to report.

B) Changes in Composition of the Population Covered by the Benefit Terms

None to report.

C) Changes of Assumptions

None to report.

HILLSDALE HIGHWAY DISTRICT
SCHEDULE OF TAX REVENUE AND DELINQUENT
TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2024

Year:	Balance October 1, 2023	Tax Charge	Additions	Cancell-ations	Collections	Balance September 30, 2024
2020	$ 621	$ ...	$ ...	$ ...	$ 294	$ 327
2021	1,490	...	...	...	1,123	367
2022	5,874	...	...	...	4,722	1,152
2023	...	588,794	...	825	582,386	5,583
	$ 7,985	$588,794	$ ...	$ 825	$588,525	$ 7,429

HILLSDALE HIGHWAY DISTRICT
SCHEDULE OF PROPERTY TAX LEVIES
AND COLLECTIONS - LAST TEN YEARS

Year Ended September 30,	Beginning Receivable Balance	Tax Levy	Additions	Cancellations	Collections	Ending Receivable Balance
2015	$12,137	$469,204	$ ...	$ 346	$464,159	$16,836
2016	16,836	490,094	...	312	493,237	13,381
2017	13,381	508,806	...	415	508,520	13,252
2018	13,252	525,446	...	226	523,932	14,540
2019	14,540	543,903	...	353	544,922	13,168
2020	13,168	563,709	...	2	562,939	13,936
2021	13,936	589,252	...	89	587,630	15,469
2022	15,469	609,889	...	853	613,334	11,171
2023	11,171	630,822	...	766	633,242	7,985
2024	7,985	588,794	...	825	588,525	7,429

HILLSDALE HIGHWAY DISTRICT
SCHEDULE OF GENERAL GOVERNMENTAL
EXPENDITURES BY FUNCTION - LAST TEN YEARS

Year Ended September 30,	Salaries	Repairs	Gravel and Road Maintenance	Capital Outlay	Other
2015	$237,649	$27,040	$ 334,761	$ 174,404	$373,002
2016	292,104	42,074	514,718	74,986	293,962
2017	274,294	54,955	616,243	...	347,052
2018	261,545	39,472	446,863	163,618	368,567
2019	261,962	63,765	1,492,185	...	310,907
2020	276,232	67,907	456,322	273,251	276,003
2021	305,751	35,374	578,827	526,305	517,320
2022	287,634	83,820	16,343	1,467,510	396,951
2023	316,353	41,470	871,546	25,000	386,137
2024	342,479	29,250	4,866,955	506,630	451,372

HILLSDALE HIGHWAY DISTRICT
SCHEDULE OF GENERAL REVENUES
BY SOURCE - LAST TEN YEARS

Year Ended Sept.30,	Taxes	Interest & Penalties on Taxes	Highway Users	Sales Tax	Agriculture Equipment Tax	Interest	Other
2015	$472,709	$2,253	$ 515,972	$ 41,666	$27,837	$ 420	$ 49,348
2016	483,956	2,105	680,642	43,382	27,837	1,015	39,881
2017	509,667	2,823	677,376	44,799	27,837	2,011	6,996
2018	527,061	2,299	697,281	46,844	27,837	3,835	190,331
2019	540,626	2,547	730,122	48,381	27,837	7,573	1,008,763
2020	563,317	2,843	728,704	36,476	27,837	7,286	10,778
2021	589,540	2,543	961,404	55,290	27,837	1,577	424,339
2022	612,820	3,018	1,111,020	166,012	27,837	3,902	378,093
2023	629,772	2,357	1,078,034	195,071	27,837	22,016	107,900
2024	562,548	1,822	1,589,471	192,780	27,837	52,390	3,909,582

Rexroat, Harberd & Assoc., P.A.

Certified Public Accountants

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March 11, 2025

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Highway Commissioners
Hillsdale Highway District
Hazelton, Idaho 83335

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Hillsdale Highway District (the District) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rexroat, Harberd & Assoc., P.A.